

**U.S. Department of Education**  
**Washington, D.C. 20202-5335**



**APPLICATION FOR GRANTS**  
**UNDER THE**

**Preschool Pay For Success Feasibility Pilot Grant**

**CFDA # 84.419C**

**PR/Award # S419C170014**

**Grants.gov Tracking#: GRANT12263673**

OMB No. 1810-0728, Expiration Date: 08/31/2019

Closing Date: Oct 06, 2016

**U.S. DEPARTMENT OF EDUCATION  
BUDGET INFORMATION  
NON-CONSTRUCTION PROGRAMS**

OMB Number: 1894-0008  
Expiration Date: 06/30/2017

Name of Institution/Organization

Santa Clara County Office of Education

Applicants requesting funding for only one year should complete the column under "Project Year 1." Applicants requesting funding for multi-year grants should complete all applicable columns. Please read all instructions before completing form.

**SECTION A - BUDGET SUMMARY  
U.S. DEPARTMENT OF EDUCATION FUNDS**

Budget Categories	Project Year 1 (a)	Project Year 2 (b)	Project Year 3 (c)	Project Year 4 (d)	Project Year 5 (e)	Total (f)
1. Personnel						
2. Fringe Benefits						
3. Travel						
4. Equipment						
5. Supplies						
6. Contractual						
7. Construction						
8. Other						
9. Total Direct Costs (lines 1-8)						
10. Indirect Costs*						
11. Training Stipends						
12. Total Costs (lines 9-11)						

**\*Indirect Cost Information (To Be Completed by Your Business Office):**

If you are requesting reimbursement for indirect costs on line 10, please answer the following questions:

(1) Do you have an Indirect Cost Rate Agreement approved by the Federal government? ☒ Yes ☐ No

(2) If yes, please provide the following information:

Period Covered by the Indirect Cost Rate Agreement: From: 07/01/2016 To: 06/30/2017 (mm/dd/yyyy)

Approving Federal agency: ☐ ED ☒ Other (please specify): California Department of Education

The Indirect Cost Rate is  %.

(3) If this is your first Federal grant, and you do not have an approved indirect cost rate agreement, are not a State, Local government or Indian Tribe, and are not funded under a training rate program or a restricted rate program, do you want to use the de minimis rate of 10% of MTDC? ☐ Yes ☐ No If yes, you must comply with the requirements of 2 CFR § 200.414(f).

(4) If you do not have an approved indirect cost rate agreement, do you want to use the temporary rate of 10% of budgeted salaries and wages?

☐ Yes ☐ No If yes, you must submit a proposed indirect cost rate agreement within 90 days after the date your grant is awarded, as required by 34 CFR § 75.560.

(5) For Restricted Rate Programs (check one) -- Are you using a restricted indirect cost rate that:

☐ Is included in your approved Indirect Cost Rate Agreement? Or, ☐ Complies with 34 CFR 76.564(c)(2)? The Restricted Indirect Cost Rate is  %.

PR/Award # S419C170014

Name of Institution/Organization <div style="border: 1px solid black; padding: 2px; margin-top: 5px;">Santa Clara County Office of Education</div>	Applicants requesting funding for only one year should complete the column under "Project Year 1." Applicants requesting funding for multi-year grants should complete all applicable columns. Please read all instructions before completing form.	
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**SECTION B - BUDGET SUMMARY**  
**NON-FEDERAL FUNDS**

Budget Categories	Project Year 1 (a)	Project Year 2 (b)	Project Year 3 (c)	Project Year 4 (d)	Project Year 5 (e)	Total (f)
1. Personnel						
2. Fringe Benefits						
3. Travel						
4. Equipment						
5. Supplies						
6. Contractual						
7. Construction						
8. Other						
9. Total Direct Costs (lines 1-8)						
10. Indirect Costs						
11. Training Stipends						
12. Total Costs (lines 9-11)						

**SECTION C - BUDGET NARRATIVE (see instructions)**

ED 524

**PROJECT ABSTRACT**

The Santa Clara County Office of Education (SCCOE) requests a [REDACTED], 12-month grant from the U.S. Department of Education's Preschool Pay for Success Feasibility Pilot to determine the viability of using a Pay for Success (PFS) approach to improving early learning outcomes through the enhancement and expansion of high-quality preschool services within Santa Clara Unified School District (SCUSD) in Santa Clara County, California. This study will provide rigorous analysis of the feasibility of expanding and enhancing the existing California State Preschool Program (CSPP) in a diverse, representative, school district – potentially demonstrating that this program could be replicated in other districts.

The goal of Strong Start Pay for Success (S2P4S) is to conduct a feasibility study that determines the viability of using a PFS approach to expand and expand the SCCOE CSPP program in SCUSD, improving early learning outcomes and student success.

The related objectives for the 12-month period are: (1) To create an outcomes-based accountability system that directs outcome payments to the most effective preschool programs; (2) To encourage service providers, government agencies, and investors to develop a structure where effective, high-quality preschool programs are brought to scale; (3) To attract private funding to support effective preschool programs, expanding access to additional children; and (4) To analyze the increase in government cost savings and societal benefits upon achieving outcomes.

The measurable outcomes for the proposed project are: (1) To publish a PFS early learning feasibility report by December 2017; (2) To identify potential outcome measures that demonstrate improved student outcomes, resulting in potential cost savings to outcome payors and general benefits to the community by October 2017; (3) If viable, to implement outcomes-

based payment contracts across multiple levels of government, securing one to two outcome payors in Santa Clara by December 2017; and (4) If viable, to identify and engage at least five local private investors to leverage funds for evidence-based solutions via PFS contracts by December 2017.

The project activities associated with the feasibility study include: (1) Planning, (2) Kickoff & Governance, (3) Intervention Assessment & Referral Pathways, (4) Data Assessment and Access, (5) Outcome Metrics and Evaluation Assessment, (6) Legal and Regulatory Assessment, (7) Cost/Benefit Analysis and Economic Modeling, (8) Initial Funder Assessment, and (9) Feasibility Report and Close-Out.

The potential outcome measures to be evaluated in the proposed feasibility study are as follows: (1) increased kindergarten readiness; (2) increased reading and math achievement in third grade; (3) reduced chronic absences; (4) reduced special education placements; (5) increased language skills of English Learners; and (6) improved social and emotional skills.

S2P4S will address the Absolute Priority by conducting a feasibility study and the Competitive Preference Priority by identifying outcomes measures across various domains including improved social emotional skills.

The following members from Strong Start have come together collaboratively to form the Preschool PFS Partnership for S2P4S: SCCOE (lead applicant and service provider), Santa Clara Unified School District (outcomes “payor” and advisor), Third Sector Capital Partners (intermediary), Urban Institute (technical advisor), SRI International (evaluator), Silicon Valley Community Foundation (advisor), and First 5 Santa Clara County (advisor).

**PROJECT NARRATIVE**

The Santa Clara County Office of Education (SCCOE) requests a [REDACTED], 12-month grant from the U.S. Department of Education’s Preschool Pay for Success Feasibility Pilot to determine the viability of using a Pay for Success (PFS) approach to improving early learning outcomes through the expansion of high-quality preschool services within Santa Clara Unified School District (SCUSD) in Santa Clara, Santa Clara County, California. The SCCOE, in collaboration with the six members of the Preschool PFS Partnership, propose to conduct a Feasibility Study, Strong Start Pay for Success (S2P4S), to determine if expanding and enhancing its California State Preschool Program (CSPP) through Pay for Success financing to serve low-income children in SCUSD is feasible. The S2P4S will address the Absolute Priority—Feasibility Study and the Competitive Preference Priority— Outcomes Measures Across Various Domains. The SCCOE, a County Office of Education, meets the definition of “local government” outlined in 2 CFR 200.64 and therefore qualifies as an eligible applicant.

**A. NEED FOR PROJECT****1. Definition of target population:**

The target population for S2P4S is three- and four-year old children residing within the attendance boundaries of Santa Clara Unified School District (SCUSD) in Santa Clara County that either are from low-income families living at or below 200% of the Federal Poverty Level or meet one of the following criteria: homeless, recipient of protective services, are abused, neglected, exploited, or at risk of being abused, neglected, or exploited – regardless of family income. Data demonstrating the need for services within the geographic area is described below.

**2. Magnitude of need:**

- a. *Overarching Need:* Early childhood intervention is a cost effective method for promoting

kindergarten and school readiness,<sup>1 2</sup> reducing the risk of academic underachievement which can begin before kindergarten.<sup>3 4</sup> Research demonstrates that almost 50% of children<sup>5</sup> and up to 75% of low-income, at-risk children<sup>6</sup> do not meet kindergarten readiness standards. Fifty percent of the achievement gap present during the third grade exists at kindergarten enrollment.<sup>7</sup> High-quality early childhood interventions are proven to improve school readiness and achievement, reducing the risk of K-12 children's academic underachievement.<sup>8</sup> High-quality preschool programs have benefits for students from different backgrounds: students of low socioeconomic status,<sup>9</sup> children in racial/ethnic minorities,<sup>10 11</sup> students that are English language learners,<sup>12</sup> and children with disabilities.<sup>13</sup>

The need to improve children's early learning attainment is high. According to the *Nation's Report Card*, the percentage of fourth grade students nationally that are proficient or advanced in reading and math is 36%<sup>14</sup> and 40%,<sup>15</sup> respectively. Compared to other states and jurisdictions, California ranks 50 out of 52 in reading<sup>16</sup> and 47 out of 52 in math.<sup>17</sup> While Santa Clara County, and SCUSD, students typically outperform state averages, these data can mask disturbing gaps in student achievement:

**Chart 1: Early Learning Attainment in Reading and Math**

	National <sup>18 19</sup>		California <sup>20 21</sup>		Santa Clara County <sup>22</sup>		Santa Clara Unified <sup>23</sup>		Select School in SCUSD <sup>24</sup>	
	Reading	Math	Reading	Math	Reading	Math	Reading	Math	Reading	Math
Average	36%	40%	28%	30%	56%	53%	49%	48%	9%	9%
FRPL*	21%	24%	26%	21%	28%	26%	31%	26%	8%	8%
African American	18%	19%	23%	18%	37%	31%	30%	36%	N/A	N/A
Latino	21%	26%	27%	23%	28%	24%	32%	24%	8%	8%
Students w disabilities	12%	16%	13%	13%	22%	22%	22%	24%	0%	8%
English learner	8%	14%	12%	11%	18%	21%	21%	23%	2%	4%
*FRPL- Free/reduced price lunch										

Expanding access to, and improving the quality of, early learning through PFS can prevent these “achievement gaps” from developing.

b. *Need for Enhancement of Preschool Quality*: Indicators that independently forecast kindergarten readiness for at-risk, high-needs children include teacher quality and instructional quality.<sup>25</sup> In addition, there is substantial evidence to suggest that increased “dosage and duration” of preschool programs results in better outcomes for children.<sup>26</sup> Hence, S2P4S will examine the feasibility of enhancing the quality of the SCCOE’s California State Preschool Program (CSPP) through higher teacher qualifications, increased professional development support for instructional staff, and increasing duration to full-day for all children. While our current program has shown promise, with 42-61% of preschoolers reaching positive domains as evidenced in Chart 2: SCCOE’s CSPP Early Learning Outcomes on page 10, these enhancements in quality may improve child outcomes.

c. *Need for Expansion of Preschool Access*: Data from the Santa Clara County Local Early Education Planning Council (LPC) indicates that there are 569 children in the three zip codes of Santa Clara (95050, 95051, and 95054) who are income-eligible for CSPP (less than 70% of State Median Income, which is approximately 200% of FPL). Of those children, 17 are being served through SCCOE’s Head Start program and 203 are served through CSPP. This leaves 349 children – more than 60% of the population – without access to the publicly-funded preschool services for which they are eligible. It is also worth understanding that the income eligibility guidelines do not take regional cost of living differences into account. The cost of living in Santa Clara is more than double the national average, largely due to the cost of housing being more than four times the national average. Average annual rent for a two-bedroom apartment in Santa Clara is \$39,792 – or 85% of the CSPP income eligibility threshold. This, combined with an



average cost of almost \$12,000 per year for full-time preschool care in Santa Clara County, means that these families are effectively denied access to preschool.

## **B. QUALITY OF THE PRESCHOOL PROGRAM DESIGN**

### **1. Description of preschool program:**

S2P4S will examine the feasibility of enhancing and expanding SCCOE's existing California State Preschool Program (CSPP) to serve the target population described on page 1.

CSPP was established in 1965 and is one of the largest state-funded preschool programs in the nation.<sup>27</sup> It is designed to (1) provide a high-quality, stimulating, safe, and nurturing environment for all students; (2) prepare students to enter kindergarten ready to learn through academic, social-emotional, and physical activities; and (3) deliver developmentally, linguistically, and culturally appropriate activities that are inclusive of all students, including children with disabilities. CSPP provides up to two years of high-quality preschool for low-income students, that is families making less than 70% of State Median Income (approximately equal to 200% FPL) that turn three or four years old by September 1st. Priority enrollment is given to those with the greatest financial need. The program offers both part-day and full-day services that provides a core class curriculum that is developmentally, culturally, and linguistically appropriate for the children served. Full-time classes meet for six hours a day, Monday through Friday, year-round. The program also provides meals and snacks to children, parent education, referrals to health and social services for families.

SCCOE is the largest CSPP service provider in Santa Clara County serving 630 students in 20 classrooms at nine sites year-round for 243 days a year. Within the program, almost 90% of children are identified as non-white by their parents (64% Latino, 20% Asian, 5% Other), 88% are classified as English Language Learners, and 13% are served by IEP/IFSPs. Santa Clara

County has implemented a pilot Quality Rating and Improvement System (QRIS) which evaluates, develops, and disseminates the quality rating of early learning education programs. The quality of SCCOE's CSPP is strong with room for enhancements: eight of nine SCCOE CSPP sites participate in Santa Clara County's QRIS pilot implementation, with five sites achieving Tier IV ("Gold") and three achieving Tier V ("Platinum") quality on the five tier scale. See page 10 for CSPP program outcomes.

The design of S2P4S will be based on SCCOE's CSPP program with the following enhancements: (1) S2P4S will provide full-day services for all children, rather than providing a half-day option, (2) S2P4S staff will have access to high-quality professional development, and (3) all S2P4S instructional staff will meet higher educational qualification standards.

a. *Evidence supporting design and policies:* Data from the Santa Clara County QRIS pilot implementation indicates that existing SCCOE CSPP sites meet Tier IV and Tier V quality benchmarks. This requires that the program includes: structured child observations; developmental and health screenings at intake; target teacher-child interaction scores on an independent evaluation using the CLASS and environmental quality scores on ECER-S; staff to child ratios; and staff qualifications. In addition, student outcome measures from California's Desired Results Developmental Profile (DRDP) assessment system show that 40-60% of students exit SCCOE's CSPP "kindergarten ready", based on percentages testing at "Building Later" and "Integrating Earlier" levels of performance. Also, the majority of English Language Learners exit the program at the highest, "Integrating English," level of English language development as described on page 10.

There is substantial evidence to suggest that increased "dosage and duration" of preschool programs results in better outcomes for children across a range of domains,<sup>28</sup> thus

S2P4S will provide full-day services to all children in accordance with these findings.

b. *Evidence-based curriculum:* CSPP uses The Creative Curriculum for Preschool,<sup>29</sup> a comprehensive, evidence-based curriculum that provides preschoolers with developmentally appropriate learning opportunities, promoting kindergarten readiness in a stimulating environment through literacy, math, science, social studies, art, and social emotional development. The Creative Curriculum for Preschool Implementation Checklist<sup>30</sup> is used to ensure that the curriculum is fully implemented with fidelity in each classroom as monitored by the CSPP Director. Students instructed with The Creative Curriculum have demonstrated positive gains in math,<sup>31</sup> science,<sup>32</sup> literacy/ language development,<sup>33</sup> and social emotional skills.<sup>34</sup> The Creative Curriculum is a cohesive, emergent, child-centered, play-based curriculum that maximizes each child's individual strengths, encouraging activities related to each child's needs or interests. The curriculum is strategically taught through developmentally appropriate activities that maximize school readiness and build children's foundational skills across school readiness domains. It is also aligned to California Kindergarten Common Content State Standards in Language Arts, Mathematics, and English Language Development.

c. *Evidence-based screening:* Multiple evidence-based formal screening tools and assessments are used in the SCCOE's CSPP including the following: **Classroom Assessment Scoring System (CLASS)** is used to measure the quantity and quality of classroom organization and teacher-child interactions. CLASS is a scientifically based system for observing and assessing the quality of interactions between teachers and students in classrooms, including the instructional and social interactions proven to contribute to students' academic achievements and social competencies.<sup>35</sup> **Ages and Stages Questionnaire** is a parent-completed developmental screening tool monitoring developmental growth at select points in time. The questionnaire not

only assesses the parents' understanding of child development, it also provides a formalized parent engagement tool to converse about healthy developmental behaviors and milestones.<sup>36</sup>

**Early Childhood Environment Rating Scale- Revised** (ECERS-R) is used to assess the quality of the physical classroom settings to ensure a high-quality environment where preschoolers can flourish.<sup>37</sup> ECERS-R is a tool that assesses the classroom's environmental quality, including the health, safety, relationships, and environmental opportunities that are proven to support learning.

<sup>38</sup> An additional state-approved assessment required for all CSPP programs is the **Desired Results Developmental Profile** (DRDP) that assesses the following developmental domains for each child: self-regulation, social/emotional, language/ literacy, math/science, physical/ health, history/ social science, and the arts.<sup>39</sup>

d. *High-quality professional development for staff:* S2P4S will provide high-quality professional development opportunities to staff, promoting effective and high-quality teaching through seminars/ demonstration lessons, coaching, and mentoring. Teachers will receive high-quality professional development to help them enhance the early language, literacy, and math development of their preschool students through seminars and job-embedded demonstration lessons followed by reflective debriefing sessions. Ongoing assistance to staff will also include professional development activities for teachers through specially-trained coaches that will work with teachers in their own classrooms to support them as they apply information learned through seminars and demonstration lessons. New teachers will also be assigned a mentor that will provide them with specialized content and pedagogic mentoring, promoting new teacher retention levels while providing needed support during the first years as a new teacher, if relevant. Professional development opportunities for all teaching staff, including associate and assistant teachers, is aligned with California Department of Education's Pre-kindergarten

Learning and Development Guidelines.

e. *High qualifications for teachers:* S2P4S teachers will be required to meet high quality standards, at a minimum, the “master level teacher” requirements outlined by state statute: a bachelor’s degree with 12 units of Early Childhood Education (ECE) and three units of supervised field experience in an ECE setting or equivalent, at least 350 days of experience where at least three hours per day were spent in an ECE setting in the last four years or is enrolled in the new Master Teacher mentoring program.

The current requirements for other instructional staff are as follows: The Associate Teacher must have at least 12 units ECE or Child Development (CD) or a California Child Development Associate (CDA) credential. In addition, s/he has at least 50 days of experience where at least three hours per day were spent in an ECE setting in the last two years or is enrolled in the new Associate Teacher mentoring program. The Assistant Teacher must have at least six units of ECE/CD or equivalent.

f. *Instructional staff-to-child ratio:* The CSPP 1:8 ratio will be maintained with S2P4S teaching team consisting of one “master teacher” with two associates/ assistants to 24 children, for a maximum instructional staff-to-child ratio of 1:8. A single classroom will never exceed 24 children at any given time. All associates and assistants are directly supervised by teachers.

g. *Inclusion of high-need, at-risk children:* The SCCOE CSPP serves children with disabilities, children that are homeless, and English Learners. Since one of the proposed outcome payments would be based on reduction in need for special education, The team is cognizant of federal policies and regulation regarding human subjects, and we will comply with all safeguards and protections of their rights and welfare, including state and local policies. The Project Management Team (PMT) maintains a Federal Wide Assurance with the Office for Human

Research Protections, and no activities with human subjects may be conducted without prior approval of the Institutional Review Board (IRB). The IRB members meet regularly and can conduct a timely review of the study's requirements before collecting or analyzing data. PMT staff place a high value on the accessibility of the resources produced for federal, state, and private clients; proposed staff have a long history of work on projects about children and youth with disabilities and have strong commitments to support for the full participation of individual with disabilities. PMT members will develop safeguards that ensure children continue to receive the services they need. For example, the team will ensure that the PFS transaction and the selection of special education as an outcome will not violate federal, state, or local policies and will ensure safeguards are in place in both the evaluation design and the process of assessing students for special education services to ensure that those making that decision are unaware of the student's participation in the PFS project. Also, PMT members has spent considerable effort thinking through the most appropriate populations that might avoid special education (and the costs associated with it) because of timely early intervention in the form of a high-quality preschool experience. Special education as an outcome may only be appropriate for those children who are at-risk, delayed, and/or have a mild to moderate disability that may benefit greatly from high-quality preschool. Avoidance of special education is not an appropriate outcome for children who have disabilities and/or are in need of accommodations that address any impairment or special need they may have. In addition, the team believes it is essential to identify whether special education outcomes are identified at the child-level, for which years, and for how long to track these outcomes. These issues are especially relevant when evaluating PFS projects and the team is aware of the importance of inclusive practices for all students.

h. *Success of the SCCOE's preschool intervention:* California requires its CSPP

providers to perform the Desired Results Developmental Profile (DRDP) assessments on children enrolled in preschool to document their progress. The DRDP assessment places children in developmental tiers (Responding, Exploring, Building, Integrating), with each tier having three sub-levels (Earlier, Middle, Later), based on this assessment. State data indicates that the majority of California preschoolers achieve “Building” status by the conclusion of preschool.<sup>40</sup> As briefly described below, 40-60% of children graduating from SCCOE’s CSPP achieve “Building-Later” or “Integrating” (outcomes vary by domain). These data indicates that SCCOE’s CSPP while successful in generating positive student outcomes for this low income, minority and English learner population, still has the opportunity for further growth which will be achieved through the proposed enhancements.

**Chart 2: SCCOE’s CSPP Early Learning Outcomes**

DOMAIN	% Building-Later and Integrating	
	Fall '15	Spring '16
Approaches to Learning – Self Regulation	12	52
Social Emotional Development	14	52
Language Development	14	52
Literacy Development	9	46
Mathematics	10	48
Science	6	42
Physical Development	21	63
Health	17	61
History – Social Science	7	46
Visual Performing Arts	13	51
English Language Development (ELL only)	48	53

## **2. Pay for Success as a financing strategy:**

Pay for Success (PFS) is being pursued by government agencies across the country as an innovative contracting model that drives government resources toward high-performing social programs in areas such as poverty, education, child welfare, recidivism, homelessness, and wellness.<sup>41</sup> Within Santa Clara County, two local government departments are at the forefront of

PFS: (1) Santa Clara County's Office of Supportive Housing is addressing chronic homelessness through a PFS model that provides permanent housing and clinical services, and (2) Santa Clara County's Mental Health Division provides flexible PFS-style funding to service providers through a "Full Service Partnership" model that meets the individual client needs receiving acute psychiatric treatment.<sup>42</sup> There is a broad base of commitment for PFS in Santa Clara County and the latter two innovative projects are already in progress and reflect that commitment.

The PFS model may be an appropriate economic investment that may lead to government savings as well as positive social outcomes in the early learning realm in Santa Clara County. Two PFS projects have been launched nationally to support the expansion and quality improvement of preschool programming in Chicago, IL and Salt Lake County, UT and have proven to be cost effective strategies for government agencies.<sup>43 44</sup> These findings substantiate and further bolster early research from the Abecedarian and Perry studies which demonstrate discernible decreases in special education assignment of low-income students who partook in high-quality preschool programs.<sup>45</sup> Additional research indicates that the lower public school costs associated with lower remedial education rates could be great enough to cover costs for preschool services through PFS financing.<sup>46</sup> Return on investment estimates for high-quality preschool ranges from 7% to 18% a year.<sup>47</sup>

In addition to PFS being a viable option for homelessness and mental health, access to and expansion of high-quality preschool is a major social need in the county. In Santa Clara County, an estimated 6,206 three- and four-year old children are eligible for CSPP but are not currently being served. Within the boundaries of SCUSD, 61% of children eligible for CSPP are not being served. Regrettably, in our communities there is a disjointed early learning system for low-income children, public offerings are of varying quality with frequent funding reductions



and high teacher turnover, private programs are unaffordable for low-income families, and there is considerable range in quality of care when family members watch young children. Thus, it is no surprise that children from high-need areas in the county are not entering kindergarten with the skills needed for academic success. State funding for existing public programs, including CSPP, has yet to return to its pre-recession levels, leading to growing numbers of children who are eligible but not served due to a lack of seats. At the same time, funding for school districts has increased significantly since the recession through the implementation of the Local Control Funding Formula (LCFF) model, which gives individual school districts great flexibility to implement programs and strategies to meet the educational needs of their communities. Preschool PFS programs, with school districts acting as the outcomes payor, provide an opportunity to expand funding for quality early learning while meeting the goals of LCFF but will require rigorous demonstration of their viability prior to being widely adopted.

### **3. Extent to which intervention will improve student outcomes based on evidence:**

S2P4S is likely to improve student outcomes for the target population as supported by research and theoretical evidence. Decades of rigorous research have demonstrated that enriched preschool environments have lasting effects on children's life trajectories. Longitudinal experimental and quasi-experimental studies show that preschool confers numerous benefits not only on children's academic and school experiences, but also on the areas of health, career, and use of public benefits. Positive outcomes include but are not limited to the following: (1) Improved language, literacy, and math skills ; (2) Greater success in school, including less grade retention, lower rates of placement in special education, and higher graduation rates; (3) Better health outcomes, including reduced rates of child abuse, increased maternal reproductive health and decreased maternal substance abuse; (4) Increased economic self-sufficiency, initially for the

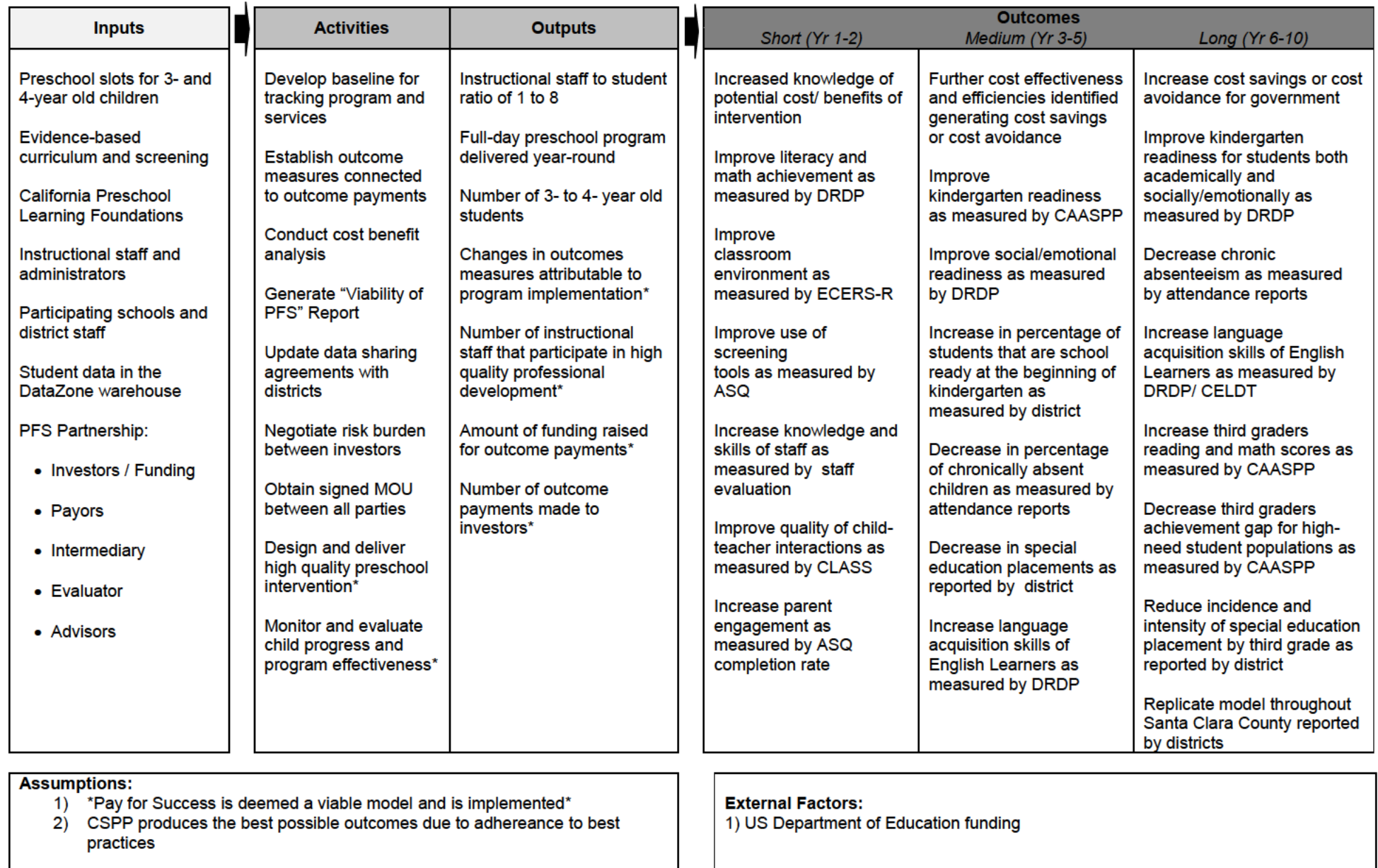
parent and later for the child, through greater labor force participation, higher employment and earnings, and lower welfare usage; (5) Lower rates of crime; and (6) Greater government revenues and lower government expenditure.<sup>48</sup> Additional research is described on page 2-3. Also, the logic model below, on page 14, provides theoretical evidence on how the preschool program is likely to improve student outcomes.

#### **4. Goals, objectives, and outcomes of proposed feasibility study:**

The SCCOE is interested in PFS financing specifically, as well as outcome-based financing generally, to increase the success and wellbeing of all low-income preschoolers, families, and communities in the attendance boundaries of SCUSD, as well as the rest of Santa Clara County. The goal of S2P4S is to conduct a Feasibility Study that determines the viability of using a PFS approach to expand and enhance the SCCOE CSPP program in SCUSD, improving early learning outcomes and student success.

The related objectives for the 12-month period are: (1) To create an outcomes-based accountability system that directs outcome payments to the most effective preschool programs; (2) To encourage service providers, government agencies, and investors to develop a structure where effective, high-quality preschool programs are brought to scale; (3) To attract private funding to support effective preschool programs, expanding access to additional children; and (4) To analyze the increase in government cost savings and societal benefits upon achieving outcomes.

Figure 1: Logic Model



The measurable outcomes for the proposed project are: (1) To publish a PFS early learning feasibility report by December 2017; (2) To identify potential outcome measures that demonstrate improved student outcomes, resulting in potential cost savings to outcome payors and general benefits to the community by October 2017; (3) If viable, to implement outcomes-based payment contracts across multiple levels of government, securing one to two outcome payors in Santa Clara County by December 2017; and (4) If viable, to identify and engage at least five local private investors to leverage funds for evidence-based solutions via PFS contracts by December 2017.

**5. Outcomes measures to be evaluated in feasibility study:**

Competitive Preference Priority— Outcomes Measures Across Various Domains— The potential outcome measures to be evaluated in the proposed feasibility study are as follows: (1) increased kindergarten readiness; (2) increased reading and math achievement in third grade; (3) reduced chronic absences; (4) reduced special education placements; (5) increased language skills of English Learners; and (6) improved social and emotional skills. Details about the plan for safeguarding the rights of children with disabilities is described in sub-section *g. Inclusion of high-need, at-risk children* on page 8.

Efforts throughout Santa Clara County will be made easier by SCCOE's new county-wide education data system, DataZone, as well as the California Longitudinal Pupil Achievement Data System (CALPADS). Both systems will be used to track data on student progress in preschool and K-12 for each child, while maintaining the confidentiality and privacy of all students. The feasibility pilot will encourage cross-sector collaboration and data sharing that is in compliance with the Family Educational Rights and Privacy Act.

The final determination of outcome measures will be informed by the following: (1)

which outcome measures are of most interest to the payor/s; (2) which outcome measures generate the most savings to payors over what range of time; (3) which are most amendable to preschool as an intervention; and (4) which measures are currently being tracked by the payor and service provider.

Research demonstrates that kindergarten readiness for at-risk, high-needs children is directly correlated to teacher quality and instructional quality.<sup>49</sup> In addition, there is substantial evidence to suggest that increased “dosage and duration”<sup>50</sup> of preschool programs results in better outcomes for children. Hence, the suggested improvements in outcome measures can be achieved by the proposed program enhancements. While our current program has shown promise, these enhancements in quality are likely to improve child outcomes.

#### **6. How intervention is appropriate for target population:**

While many PFS projects across the nation have addressed elements of kindergarten readiness, the proposed project is informed by the conditions in high-need areas in Santa Clara. Specifically, the need for additional high-quality preschool access (page 3), lack of kindergarten readiness (page 10), high presence of English Learners (page 2 and 10), and low reading/math scores (page 2).

### **C. QUALITY OF THE PRESCHOOL PARTNERSHIP**

#### **1. History of the Preschool PFS Partnership:**

a. *History of Preschool PFS Partnership:* SCCOE, its Superintendent, and Board have made early learning their number one priority and launched a collective impact approach to increasing access to high quality learning for all children in Santa Clara County called the Strong Start Initiative (Strong Start) in 2012. Strong Start is a coalition of community leaders, early education providers, nonprofit organizations, elected officials, members of the business

community, and other key stakeholders who are committed to expanding access through local and state advocacy, community engagement and a range of local efforts.

b. *Description of Preschool PFS Partnership:* The following members from Strong Start have come together collaboratively to form the Preschool PFS Partnership: Santa Clara County Office of Education (lead applicant and service provider), Santa Clara Unified School District (outcomes “payor” and advisor), Silicon Valley Community Foundation (advisor), and First 5 Santa Clara County (advisor). In addition, SCCOE will contract with Third Sector Capital Partners (intermediary) and SRI International (evaluator) to serve as part of the Preschool PFS Partnership. Urban Institute (technical advisor) will consultant on the project at no cost. Procurement processes at SCCOE are aligned with federal, state, and local laws and regulations (see Attachment A for additional details). Finally, investors will be identified and engaged during the 12-month project. Letters detailing the specific activities that will be contributed by each member of the Preschool PFS Partnership are found in Attachment B.

2. *Plan for securing PFS investors:* SCCOE, Silicon Valley Community Foundation (SVCF), and Third Sector Capital Partners (TSCP) have the expertise to identify and engage investors for the Pay for Success project. Silicon Valley Community Foundation (SVCF) is the largest community foundation in the world and has a broad range of expertise engaging donors and corporations from Silicon Valley. TSCP has comprehensive experience facilitating investor relationships and providing guidance to PFS projects regarding investor identification and cultivation. SCCOE, generally and Strong Start, specifically, has a grasp of the local funder landscape and already has relationships with potential PFS investors including the David and Lucile Packard Foundation and the Heising-Simons Foundation.

### 3. **Roles and responsibilities of Preschool PFS Partnership:**

The roles and responsibilities for each member of the Preschool PFS Partnership are as follows:

(1) Lead Applicant and Service Provider- Santa Clara County Office of Education will provide day-to-day oversight of the project as well as deliver the early learning services intended to achieve or exceed predetermined outcomes for success; (2) Outcomes “Payor” and Advisor- Santa Clara Unified School District will repay private funder’s initial investments if project is successful for positive outcomes achieved; (3) Independent Evaluator- SRI International will rigorously evaluate whether the intervention achieved the outcomes sought; (4) Intermediary- Third Sector Capital Partners will provide technical assistance, conducting, facilitating, and advising the overall PFS process; (5) Technical Advisor- Urban Institute will provide technical assistance pro bono; (6) Advisors- Senior leadership of SCCOE, SCUSD, Silicon Valley Community Foundation, and First 5 Santa Clara County will provide key stakeholder feedback on the feasibility study including project direction, resource allocation, project visioning, thought partnership, and troubleshooting; and (7) Investors- To Be Determined, will cover the up-front cost of implementing the high-performing intervention and may also cover other associated costs through PFS financing. Additional breakout of parties responsible for various milestones can be found in the Work Plan on page 19 and in Figure 3 on page 23; the roles and responsibilities for proposed members is on page 25 (advisory) and page 27 (project management team), and the time commitment of key personnel is on page 32.

## **D. QUALITY OF THE WORK PLAN**

### **1. Description of feasibility study:**

The feasibility study will be performed by a Project Management Team including representatives from SCCOE, SCUSD, Third Sector Capital Partners (TSCP), Urban Institute, and SRI International (SRI), led by the Project Director (Matthew Tinsley, Ph.D.) and staffed by

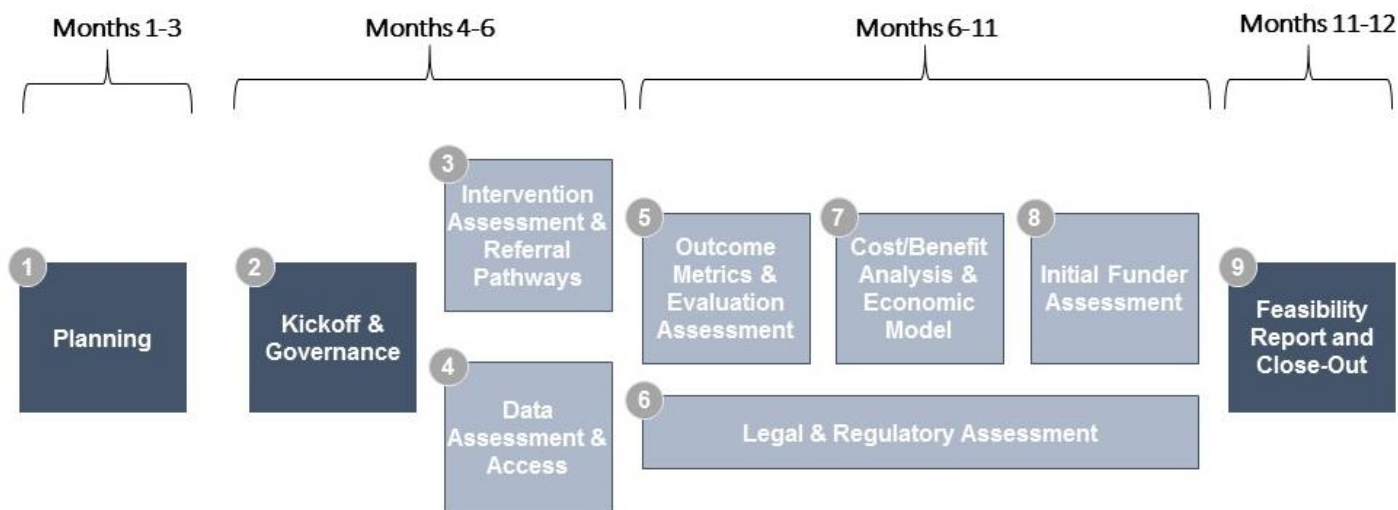
the S2P4S Specialist, through a collaborative governance structure that solicits the guidance and input of key stakeholders. Tinsley, SCCOE, and SCUSD staff will be responsible for program design, needs assessment, costs, student demographics, program, and outcomes data. TSCP will serve as the intermediary in the study, leading the writing of the final feasibility report, providing technical assistance/ advisory services, and leading specific work streams throughout the grant period. Urban Institute will provide the evidence base for program enhancements, assist the team in designing an enhanced Pre-K program model to maximize impact on future educational performance, and provide input into data analysis/ evaluation design. SRI will serve as the evaluator providing input into evaluation design, data collection, data analysis, outcome metrics identification/ recommendations, and input into the final Feasibility Study Report. Please see attached letters from all parties in Attachment B.

Absolute Priority—Feasibility Study—The final deliverable of the feasibility study is a Feasibility Report reviewing the viability of PFS and potential next steps or alternatives for implementing a PFS project through transaction structuring and agreement implementation. In addition to the final report, the study will produce a public brief summarizing the study's activities and recommendations.

## **2. Work Plan:**

The proposed feasibility study is estimated to be completed in 12 months, dependent on access to key inputs and participation from stakeholders. The work plan includes contingencies and budgeting should the feasibility study extend by one to three months. The feasibility study work plan will include nine phases described below. A detailed timeline of the work is presented at the end of this section on page 23.



**Figure 2: Feasibility Study Work Streams**

The feasibility study work plan will include: (1) Planning: SCCOE will lead the three-month planning period by reviewing key activities, timelines, and tasks; planning for and allocating staffing resources; establishing the advisory committee; finalizing contracts with consultants; and schedule ongoing weekly or monthly meetings. (2) Kickoff & Governance: The study will officially start by the Project Management Team members meeting to review the work plan, establish deadlines for key milestones, and address access to key inputs necessary to complete the feasibility study. Working Groups will be formed and initial meeting dates set. (3) Intervention Assessment & Referral Pathways: The goal of this work stream is to determine how an intervention may best succeed in a PFS project construct, including the existing program assets in the community and capacity to scale the intervention to address the identified needs. The study will also assess the cost structure of the program's expansion and/or enhancement and the barriers/challenges to that expansion and/or enhancement. Finally, the study will model the system details in an integrated time-dependent cost and service throughput model, which connects costs of the intervention with proposed impact on specific outcomes and

savings/required success payments. These referral pathways identify and guide future work streams of the study, including identification of challenges/barriers for serving a particular target population and costs associated with the lack of intervention. (4) Data Assessment & Access: The basis of any outcome based contract is the data by which the outcomes are measured. This work stream determines the available data sources from service providers and state, local, and federal agencies, as needed, to support a viable PFS contract. The study will evaluate the accessibility and quality of the existing data, initiate any necessary data sharing agreements between agencies, analyze existing outcome data develop recommendations, and provide recommendations for how to address challenges/barriers. (5) Outcome Metrics & Evaluation Assessment: PFS feasibility requires a clear definition of outcomes sought that are relevant to the target population and of interest to the potential end payer. Assessment of the outcomes requires a concrete and measureable criteria for inclusion in the target population, as well as consideration of the evidence base of the proposed preschool program. The goal of this assessment is to provide alignment between a particular program's core outcomes and the pricing/payment rates of a particular end payer. In addition, the study will include the development of a rigorous evaluation methodology to determine if outcomes have been achieved and that provides appropriate safeguards for the target population. (6) Legal & Regulatory Assessment: This work stream aims to identify the simplest path to a performance contract by assessing the opportunities and challenges/barriers for PFS projects given the specifics of the local legal and regulatory ecosystem. (7) Cost/Benefit Analysis & Economic Model: The study will include a cost/benefit analysis that evaluates the estimated financial benefit and/or cost savings generated by the preschool program for the target population. This analysis will contribute to the creation of a shared economic model that will help determine the willingness and capacity of stakeholders to

implement a PFS project. (8) Initial Funder Assessment: A traditional project has multiple types of funders that contribute to the project. We work with local and national sources of philanthropy, project related investment (PRI) sources, and potential senior debt holders to ensure that each category of funder is available to the project and engaged early on in project development to test viability. (9) Feasibility Report and Close-Out: At the conclusion of the study, a written report will detail the viability of PFS. If viable, the report will provide guidance for entering transaction structuring, including a description of the roles and responsibilities of each partners, an effective governance structure to facilitate implementation of PFS, description of the proposed rigorous evaluation plan, and description of how to overcome barriers/challenges to scaling the program to serve the target population. If not viable, the report will provide a description of why the project is not feasible and a discussion of potential alternatives to PFS that would contribute to the public good and goals of stakeholders.

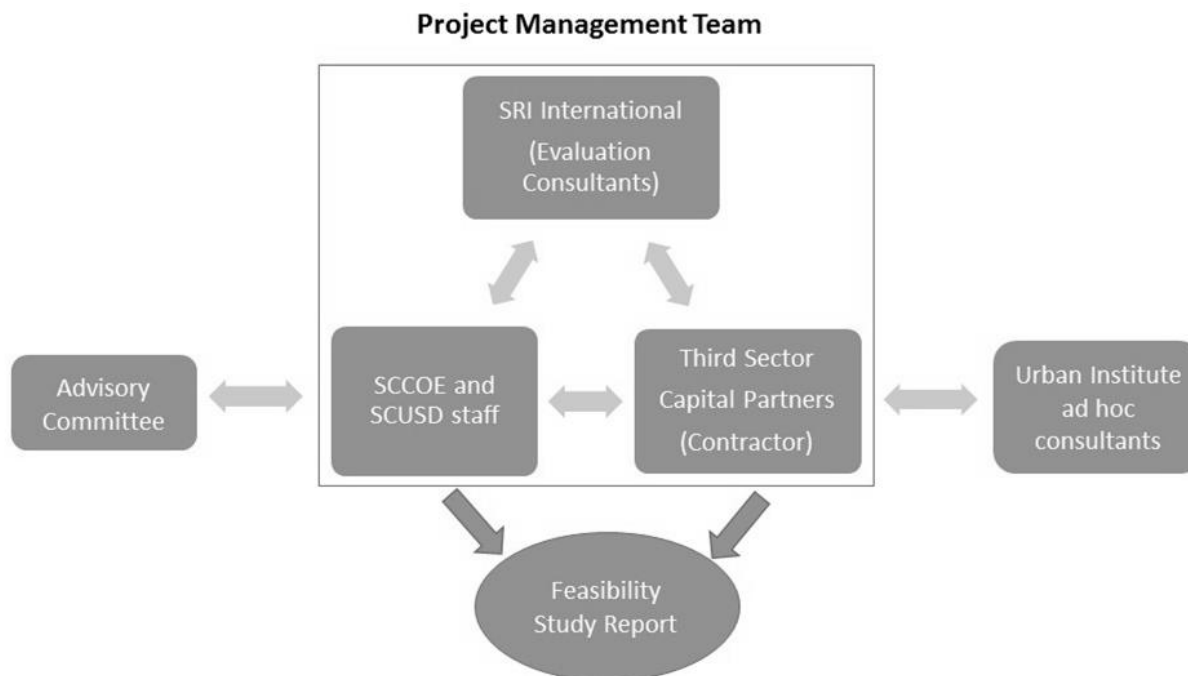
Figure 3: Timeline

	Activity	Primary Owner	Engaged Parties	Q1			Q2			Q3			Q4		
				J	F	M	A	M	J	J	A	S	O	N	D
Planning	Hold SCCOE Leadership Meeting: Review Activities, Timelines, & Tasks	SCCOE	--	X											
	Plan and Allocate Staffing Resources	SCCOE	--	X	X	X									
	Establish Advisory Committee and Set Up Meeting Schedule	SCCOE	SVCF, FIRST5, SCUSD	X	X	X									
	Finalize Consultant Contracts	SCCOE	TSCP, SRI	X											
	Hold Ongoing Meetings: Leadership-Monthly; Working Groups- Bi-Weekly; Advisory Committee- Monthly	SCCOE	All	X	X	X	X	X	X	X	X	X	X	X	X
Kickoff & Governanc	Develop Kickoff Agenda & Presentation	TSCP	SCCOE				X								
	Define Governance Structure and Working Groups	TSCP	SCCOE				X								
	Conduct Kickoff Meeting	TSCP	SCCOE; SRI				X								
	Review and Finalize Work Plan	TSCP	SCCOE, SRI				X								
Intervention Assessment & Referral Pathways	Identify Existing Program Assets in Santa Clara County	TSCP	SCCOE, SRI				X	X							
	Intervention Literature Review	TSCP	SCCOE, UI, SRI				X	X							
	Analyze Capacity and Barriers to Expanding Services	TSCP	SCCOE, SRI					X							
	Create Model of Intervention Costs	TSCP	SCCOE					X							
	Link Costs to Proposed Impact on Outcomes	TSCP	SCCOE					X	X	X	X	X	X		
	Define Referral Pathway Including Referral Sources and Processes	TSCP	SCCOE, SRI					X	X						
Data Assessment & Access	Identify Data Needed for PFS Contract	SRI	TSCP, UI, SCCOE					X							
	Map out Data Sources and Linkages	SRI	TSCP, UI, SCCOE						X						
	Initiate Data Sharing Agreements, as Needed	SRI	TSCP, UI, SCCOE						X	X					
	Evaluate Accessibility and Quality of Data	SRI	TSCP, UI, SCCOE						X	X					
	Create Data Access Recommendations	SRI	TSCP, UI, SCCOE								X				
Outcomes & Evaluation	Define Priority Outcome Metrics	TSCP	SCCOE, UI, SRI							X	X				
	Analyze Historical Baselines for Outcome Metrics	SRI	TSCP, UI, SCCOE								X				
	Develop Impact Targets Based on Data Available and Evidence Base	TSCP	SCCOE, SRI								X	X			
	Identify Potential Rigorous Evaluation Methodology	SRI	TSCP, UI, SCCOE								X	X			

	Activity	Primary Owner	Engaged Parties	Q1			Q2			Q3			Q4		
				J	F	M	A	M	J	J	A	S	O	N	D
	Create Outcome Metrics and Evaluation Recommendations	SRI	TSCP, UI, SCCOE									X	X		
Legal & Regulatory	Map Out Provider Procurement Process for PFS Contract	SCCOE	TSCP				X	X	X	X					
	Conversations with Budget & Legal Officials to Understand Processes	SCCOE	TSCP						X	X	X	X			
	Determine Need for a Special Purpose Vehicle	SCCOE	TSCP								X	X			
	Create Legal & Regulatory Challenges & Opportunities Assessment	SCCOE	TSCP									X			
Cost/Benefit Analysis &	Quantify Financial Benefit and Cost Savings of Intervention	SCCOE	TSCP						X	X					
	Develop Preliminary Economic Model Scenarios	TSCP	SCCOE							X	X				
	Refine Economic Model	SCCOE	TSCP								X	X			
	Finalize Cost/Benefit Analysis	SCCOE	TSCP									X	X		
Initial Funder Assessment	Map Out Funder Landscape for Early Learning and Santa Clara County	SCCOE	TSCP, SVCF									X	X		
	Host an Initial Funder Convening to Gauge Interest and Capacity	SCCOE	TSCP, SVCF											X	
	Create Recommendations for Future Funder Engagement	SCCOE	TSCP, SVCF											X	
Feasibility Report & Close-Out	Draft Final Report on the Viability of PFS	TSCP	SCCOE, UI, SRI												X
	Finalize Report and Share with Stakeholders	TSCP	SCCOE, UI, SRI												X
	Conduct Project Close / Lessons Learned & Path Forward Meeting	TSCP	SCCOE												X
	Submit Final Performance Report within 90 days of Project End Date	SCCOE	--												X

### 3. Procedures for stakeholder feedback:

**Figure 4: Preschool PFS Partnership**



Procedures for stakeholder feedback will be formalized through the use of an Advisory Committee that will support the work of the Project Management Team through project visioning, thought partnership with working groups, risk management, and troubleshooting. Members of the Advisory Committee will be drawn from the local early learning community and will meet with the Team on a monthly basis to receive status reports, offer advice on specific topics, and work through issues that arise. Since one of the expected outcomes will be reduced special education placements, the Advisory Committee will include individuals with special education expertise. Members of the Advisory Committee include: (1) **Avo Makedessian, Vice President and Director of the Center for Early Learning, Silicon Valley Community Foundation (SVCF)**, leads SVCF's Center for Early Learning's efforts in providing up-to-date research, pilot initiatives and policy advocacy on pressing issues facing young children and their

families. Prior to joining SVCF, he was policy director of FIRST 5 Santa Clara County and served as the director of education and neighborhood services for the City of San Jose Mayor's office. In his prior roles, Makedessian led policy and advocacy efforts in the areas of early childhood development, community development, education, public health and human services.

(2) **Jolene Smith, Chief Executive Officer, FIRST 5 Santa Clara County**, has over 30 years of experience in the public service sector. She currently leads FIRST 5 Santa Clara County ensuring that the healthy development of our youngest children engaging and uniting strategic partners and collaborators to tackle challenging issues such as early literacy, high-quality early education, screening/ assessment for developmental delays, among others. Prior to First5, Smith served as the Executive Director of the Early Childhood Development Collaborative. (3) **Mary Ann Dewan, Ph.D., Deputy Superintendent, Santa Clara County Office of Education**, leads the Office of Superintendent, managing the SCCOE's strategic initiatives, and was formerly Chief Schools Officer at SCCOE overseeing special education, early learning services, alternative education and migrant education. Dewan has substantial experience in special education as a teacher, administrator, and state and national leader in special education. (4) **Stanley Rose, Ed.D., Superintendent, Santa Clara Unified School District**, is in his 11th year as Superintendent, serving SCUSD since 2013. He holds a doctorate in Educational Leadership from University of California Berkeley. (5) Additional members may include representative from the Board of Education, special education community, among others. Please see attached letters in Attachment B.

Figure 5: Working Group Participants

		Oversight	Working Groups	
		Advisory Board	Intervention & Outcomes	Contracting & Economics
Scope		<ul style="list-style-type: none"><li>• Project direction</li><li>• Resource allocation</li><li>• Project visioning</li><li>• Thought partnership</li><li>• Risk management &amp; troubleshooting</li></ul>	<ul style="list-style-type: none"><li>• Prioritized outcomes</li><li>• Target population</li><li>• Referral pathways</li><li>• Data mapping</li><li>• Data sharing agreements</li><li>• Data requests</li><li>• Evaluation options</li></ul>	<ul style="list-style-type: none"><li>• Procurement and contracting assessment</li><li>• Current contracts review</li><li>• Cost/benefit analysis</li><li>• Project sizing</li><li>• Economic model</li><li>• Discussions with key funders (public or private)</li></ul>
Meeting Frequency		Monthly	Bi-Weekly	Bi-Weekly
Project Participants	Group Lead	SCCOE	TSCP & SRI	SCCOE
		SVCF	SCCOE	TSCP
		First5	Urban Institute	Urban Institute
		SCUSD		

#### 4. Management plan:

Day-to-day coordination and execution of the feasibility study will be managed by the Project Management Team (PMT). The PMT includes SCCOE staff as well as representatives from TSCP, Urban Institute, and SRI and is responsible for leading individual working groups and work streams. The PMT will meet bi-weekly, and comprises the following members with associated roles and responsibilities:

Santa Clara County Office of Education: The **Project Advocate, Mary Ann Dewan, Ph.D., (FTE)** is the Deputy Superintendent of SCCOE and will generate stakeholder support and corporate resource for the project. Prior to becoming deputy superintendent, Dewan held multiple leadership positions spanning from Executive Director at Central Indiana Educational Services Center to Assistant Superintendent and Principal. Dewan earned her doctoral degree in Educational Leadership from Indiana State University and superintendent's license from Indiana



State University and holds her California Teaching and Administrative Credential. The **Project Director, Matthew Tinsley, Ph.D., (████ FTE)** is the Director of the Strong Start Initiative and will oversee all aspects of the project including day-to-day oversight of project activities, planning and implementation, coordination with districts and partners, and dissemination. Since joining the SCCOE in 2010, he has submitted over \$100 million in grant applications and led the development of Educare of California at Silicon Valley, a national model early learning program (including a New Markets Tax Credit financing). He serves as Director of the Strong Start initiative – a multi-sector collaborative effort to increase access to high-quality early learning programs for all children in Santa Clara County. Tinsley holds a Ph.D. in Psychology from Indiana University, has a Chief Business Official certification by the California Association of School Business Officials, and is currently enrolled in the Robert Wood Johnson Foundation “Culture of Health Leaders” national change leadership program. A **S2P4S Specialist, To Be Hired, (████ FTE)** will coordinate the alignment of work among the various work streams, providing assistance to the project team, the districts, and the independent evaluator.

Santa Clara Unified School District: **Data Specialist, Jennifer Marfia, (████ FTE)** is a Program Specialist for Family Child Education at SCUSD and will be the primary contact between the feasibility study development team and SCUSD. She will be responsible for facilitating data sharing between the district and team, providing expertise on local preschool services, costs and facilities, and ensuring timely and comprehensive communication between the development team and district leadership.

Third Sector Capital Partners: The **Senior Project Resource, Katherine Shamraj**, is a Senior Director at TSCP's San Francisco office. She has over 15 years of experience in international development, government transformation, and social and economic impact projects

for governments and international organizations in the US, Africa, Europe and the Middle East. Formerly worked with US AID, the government of Abu Dhabi, the International Finance Corporation, the UN High Commissioner for Refugees, and the Children's Aid Society of New York. She has extensive expertise in performance-oriented government, organizational transformation, shared value creation and entrepreneurship. At TSCP, Katherine is leading TSCP's "Performance Collaborative" strategy, which builds deeper upon social impact bond components to advise governments on outcomes-based contracting. She also consults and negotiates in different cultural contexts to ensure success from project feasibility assessment to raising multiple types of social impact financing. The **Project Lead, Christine Johnson** is an Associate Director in TSCP's San Francisco office, Christine Johnson is active in the delivery of consulting engagements, coordination of procurement responses, and implementation of marketing activities and provides support for TSCP's internal development. Prior to TSCP, Christine worked for the Bank of New York Mellon devising new products to support public sector clients and developing thought leadership pieces on macro trends in public finance. Since joining TSCP, Christine has worked on feasibility and construction engagements with the City and County of San Francisco, Los Angeles County, Alameda County and the State of Nevada. The State of Nevada was selected by TSCP in 2015 for a Round 1 Social Innovation Fund award to investigate the potential for a PFS project in early childhood education. Christine leads this engagement which is currently looking at opportunities to increase investment and integrate outcomes oriented contracts in early childhood education. The **Project Support, Jerica Lee**, is a Project Associate at TSCP. She specializes in Feasibility and Transaction Structuring technical assistance, and executing management and procurement processes with government, nonprofit, and philanthropic clients. Prior to TSCP, she served as a Financial Research Analyst at Public

Financial Management, Inc. (The PFM Group) and has experience in local economic development and policy. Jerica has also worked at City of Orlando's Downtown Development Board, the Office of U.S. Senator Bill Nelson, and at the World Trade Center. At TSCP, her work in California and Nevada includes a homelessness and justice engagement with the LA County Board of Supervisors, which builds on the White House's Data Driven Justice Initiative, and the State of Nevada's early childhood education PFS initiative.

Urban Institute: Select staff from Urban Institute's Pay for Success Initiative (UIPFSI) will serve as Technical Advisors, using their expertise in evidence and evaluation to advise and improve PFS deals, offering technical assistance to S2P4S, and sharing best practices and promoting new ideas through stakeholder engagement.

SRI International: **Early Childhood Program Manager, Erika Gaylor, Ph.D.**, will serve as the evaluation principal investigator for the PFS initiative, bringing more than 15 years of experience in research and evaluation of early childhood preschool programs and interventions in both school- and community-based settings and extensive experience with PFS work. Her expertise conducting qualitative and quantitative research includes designing longitudinal and cross-sectional research projects. Gaylor has directed the evaluations of the Pay for Success Child-Parent Center project (Finnegan Family Foundation), the state of Virginia's preschool development grant (U.S. Department of Education), Illinois Preschool For All program (Illinois State Board of Education), and Saint Paul Early Childhood Scholarship Pilot Program (Minnesota Early Learning Foundation). She also is a reviewer for the What Works Clearinghouse. Gaylor has a Ph.D. in human development from the University of California, Davis. **Early Childhood Program Manager, Donna Spiker, Ph.D.**, will serve as senior technical advisor. Spiker is a nationally known developmental psychologist with over 30 years of

experience in designing and conducting rigorous research and evaluations on the effects of early childhood programs and services designed to improve the development and school readiness of young children, particularly those at risk and with disabilities. She has expertise conducting rigorous randomized and quasi-experimental designs as well as formative evaluations. Spiker has directed evaluations including a preK-third grade math professional development intervention project (U.S. Department of Education), Pay for Success Child-Parent Center project (Finnegan Family Foundation), Illinois Preschool For All program (Illinois State Board of Education), and Saint Paul Early Childhood Scholarship Pilot Program (Minnesota Early Learning Foundation), Minnesota's Race to the Top-Early Learning Challenge grant evaluation (U.S. Department of Education). Spiker co-directs the national technical assistance center for the Office of Special Education Programs, the Center for IDEA Early Childhood Data Systems. Spiker has a Ph.D. in child development with a minor in special education from the University of Minnesota. **Senior Research Analyst, Xin Wei, Ph.D.**, will serve as the lead statistician. Wei brings expertise in design methodology and analysis has extensive experience in statistical modeling, measurement, and research designs in the context of early childhood education. She currently directs the design and quantitative analysis on four large U.S. Department of Education i3 studies, two of which evaluate early childhood interventions. In addition, she leads the analysis of other early childhood program evaluation projects, such as the Virginia VPI+ evaluation, Washington State Home Visiting program, and Minnesota Race to the Top-Early Learning Challenge grant evaluation. Wei has a Ph.D. in educational psychology, measurement, and statistics, from Stanford University. **Senior Statistical Programmer, Cyndi Williamson, B.S.**, will serve as the lead programmer, providing guidance and conduct analysis on data quality. Through decades of work with data, Williamson has deep experience with complex data from a multitude of sources

(e.g., surveys, assessments, files from state departments of education). Williamson is lead programmer on Virginia's Preschool Development Grant (U.S. Department of Education), Chicago Child-Parent Center Program (U.S. Department of Education), among others, where she collects, cleans, merges, and analyzes data at multiple levels. She holds a B.S. in statistics from California State University, Hayward. See Attachment C for resumes/ job descriptions.

Additional SCCOE staff will meet monthly with the Director and Specialist to ensure the feasibility study is on task as follows:

SCCOE: Data Analyst, Michael Garcia, (██████ FTE) is the Local Early Education Planning Council (LPC) Liaison and will provide expertise on needs assessment, enrollment models, and local demographics. Garcia is responsible for the daily operations of the LPC which coordinates state-funded child care and early learning programs in Santa Clara County which includes researching child care supply/demand and developing local needs assessments. **Data Analyst, Antonio Fuentes,** (██████ FTE) is a Program Analyst and will provide expertise on needs assessment, enrollment and recruitment, and community outreach. At SCCOE, Fuentes is responsible for enrollment projections, student recruitment, community outreach, and needs assessment. **Data Manager, Marcy Lauck,** (██████ FTE) is the Director of Data Governance and will provide expertise in integrating SCUSD's preschool data systems with the district's student information system and with the broader SCCOE's DataZone cloud based data warehouse and dashboard tools. At SCCOE she plans, organizes, and directs SCCOE's projects relating to data governance, and serves as the SCCOE liaison to the Silicon Valley Regional Data Trust.

##### **5. Adequacy of time commitments:**

The following key project personnel will dedicate appropriate and adequate time to meet the objectives of the proposed project as follows:

**Chart 3: Time Commitments of Key Project Personnel**

Title, Name	% FTE
Project Director, Matthew Tinsley	██████
S2P4S Specialist, To Be Hired	██████
Third Sector Capital Partners	██████
Urban Institute	████
SRI International	██████
Advisory Committee	██████

**E. QUALITY OF THE PROJECT LEADERSHIP TEAM****1. Experience managing and overseeing similar projects:**

The Santa Clara County Office of Education, founded in 1852, is committed to serving, inspiring, and promoting student and public school success. SCCOE has substantial experience operating a variety of early childhood education programs. SCCOE is the sole Head Start grantee in Santa Clara County and was awarded its first grant in 1970. It was invited to operate the Head Start program in neighboring San Benito County in 1984 and has been an Early Head Start grantee since the program began. SCCOE Head Start has achieved perfect compliance with program mandates in an unprecedented four successive program audits. Additionally, student outcome measures demonstrate that 80-95% of Head Start graduates meet kindergarten readiness standards. SCCOE has also operated CSPP since its inception in 2008, and its progenitor programs since 1971, and is the largest CSPP provider in Santa Clara County. It operates an Early Start program for children with special education needs and is the state-wide inclusive education training and technical assistance provider through the Inclusion Collaborative. More recently, SCCOE is the majority operator of Educare of California at Silicon Valley, a national model high quality early learning and family support program, and the first Educare School in

California. SCCOE is also the backbone support organization for the Strong Start collective impact effort to expand access to high quality early learning opportunities for all children in Santa Clara County.

SCCOE has been actively exploring PFS opportunities in early learning with its partners, particularly the Silicon Valley Community Foundation (SVCF), since the initiation of Strong Start in 2012. SCCOE leadership had discussed PFS with the County of Santa Clara, which participates in two ongoing PFS efforts, and with the Big Lift - an early childhood effort in neighboring San Mateo County that had previously explored the feasibility of a PFS approach with TSCP and the SVCF – prior to the Preschool Pay for Success Feasibility Pilot application. These preliminary efforts have allowed SCCOE to initiate a formal partnership with highly experienced organizations very rapidly.

TCSP will be the primary contractor for the project and has an expansive national footprint as a leader in the PFS field, with PFS feasibility and construction projects underway across the country, including in Santa Clara County. TSCP has conducted feasibility assessments for governments at the state, county and city level. TSCP has conducted more PFS feasibility assessments than any US firm, and is one of the few national technical-assistance providers who has launched and implemented multiple PFS projects, mobilizing over \$40 million for project development and funding. Since 2011, TSCP has conducted over 50 PFS engagements including early childhood and pre-K PFS feasibility studies with the Washington State Department of Early Learning, Commonwealth of Virginia, and a joint project with the State of Nevada and City of Las Vegas.

Launched in March 2015, the Urban Institute’s Pay for Success Initiative (UIPFSI) is funded by the Laura & John Arnold Foundation. Over the next three years, UIPFSI will

collaborate and improve transactions based on rigorous research, helping to ensure programs are evaluated accurately, develop toolkits and templates for others to follow, provide training and technical assistance, share lessons learned, and leverage the breadth and depth of the Urban Institute. They will use their expertise in evidence and evaluation to advise and improve PFS deals, offering technical assistance to S2P4S, sharing best practices and promoting new ideas through stakeholder engagement.

The project's evaluation consultants, SRI, have substantial expertise in the development of evaluation plans and outcomes measures for PFS feasibility studies. Two of SRI's current projects involve PFS: the evaluation of the Pay for Success Child-Parent Center (PFS-CPC) project, and the Center for IDEA Early Childhood Data Systems (DaSy Center) community of interest in PFS. SRI serves as the independent evaluator for the PFS-CPC project in the Chicago Public Schools, only the second preschool PFS deal in the country. SRI brings knowledge and experience with PFS, extensive expertise in early childhood development, programs, early childhood state systems, research and evaluation design and methodologies, and a long history of successful collaborative work with a range of stakeholders.

## **2. Experience managing federal grants:**

SCCOE has significant expertise managing Federal grants: \$43 million of the SCCOE's 2016-17 budget of \$216 million is restricted revenue from Federal sources. The SCCOE receives \$23 million in Federal grant funds to operate its Head Start program and, as described above, has received perfect compliance ratings during independent audits of its Head Start program for the last four review cycles. It has proven capacity as a sound fiscal and programmatic administrator. SCCOE is knowledgeable about federal compliance, accountability and reporting, as well as best practices in governance and fiscal responsibility, as recognized by unmodified audit opinions.



SCCOE operates on an accrual accounting system and its finances are audited annually by an independent firm in compliance with federal guidelines. As the lead agency, SCCOE will be responsible for maintaining compliance with Federal funding guidelines through its existing grants management and accounting systems.

The other project partners, TSCP and SRI, have similar experience managing federal grants and will ensure compliance by supporting SCCOE in federal compliance and grant management. As one example, in 2014, TSCP was awarded a \$1.9 million grant from the Corporation for National and Community Service's Social Innovation Fund to deliver PFS technical assistance and feasibility assessments to governments interested in performance-based solutions. SRI also has extensive experience in managing federal grants and has successfully implemented plans that ensure compliance with federal guidelines, earning high Quality Assurance Surveillance Plan (QASP) and other performance ratings. SRI contracts, administrative, and research staff are familiar with the peculiarities of federal rules and guidelines as they apply to contracting and implementing evaluation activities.

## **F. ADEQUACY OF RESOURCES**

In addition to the substantial expertise and experience the project will receive through SCCOE's contractual relationships with TSCP and SRI, the project will also receive in-kind resources from SCCOE, SCUSD, members of its Advisory Committee, and the Urban Institute Pay for Success Initiative (UIPSI).

Through its Early Learning Services Department, SCCOE has substantial experience in program design, community needs assessment, professional development for early learning and inclusive practices, student and program evaluation, and community engagement. SCCOE will provide in-kind donation of staff time during the feasibility study as described in the budget

narrative to support the work of the Project Management Team. Similarly, SCCOE has substantial expertise in integration of student data systems and the development of evaluation dashboards that allow ongoing monitoring of program outcomes. SCCOE and SCUSD have previously entered into a data sharing agreement that allows information from SCUSD's K-12 student information system to be imported into SCCOE's cloud-based DataZone data warehouse. SCCOE will expand this integration to include the project's data system through an in-kind donation of staff time – greatly simplifying the monitoring of the project's outcomes over time. SCUSD will also provide in-kind staff time to facilitate access to outcomes data, community need, and family engagement expertise through the development of the feasibility study. Estimates of the value of these in-kind donations are provided in the Budget and Budget Narrative.

As described in sub-section **3. Procedures for stakeholder feedback** on page 25, the project will benefit from local early childhood expertise provided by an Advisory Committee of key local stakeholders including the leadership of SCCOE, SCUSD, FIRST 5 Santa Clara County, the Silicon Valley Community Foundation, and other community representatives including the special education community. This group will provide advice, expertise, and will facilitate contacts with other organizations and individuals who may be important during the development of the plan (i.e. potential investors). This time and effort will be provided to the project as an in-kind donation from these leaders and their agencies.

The project will also benefit from additional in-kind support from the Urban Institute Pay For Success Institute. Working with TSCP, Urban Institute expert advisors will provide information on the evidence base for different types of potential program enhancements and assist the Project Management Team in maximizing the impact of the CSPP model on future

educational performance and advise on data analysis and evaluation design in collaboration with TSCP and SRI in preparation for a PFS project. These services and travel costs will be provided as an in-kind donation, at no cost to the project, using funds from Urban Institute's grant from the Laura and John Arnold Foundation. A letter from Urban Institute describing this support is presented as Attachment C.

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## BUDGET AND BUDGET NARRATIVE

## • DETAILED LINE-ITEM BUDGET:

OBJECT CLASS CATEGORIES	Federal	Non-Federal
<b>Personnel</b>		
Deputy Superintendent, Mary Ann Dewan ( )	\$ -	\$ -
Strong Start Project Director, Matthew Tinsley ( )	\$ -	\$ -
Local Early Education Planning Council Liaison, Michael Garcia ( )	\$ -	\$ -
Program Analyst, Antonio Fuentes ( )	\$ -	\$ -
Data Governance Director, Marcy Lauck ( )	\$ -	\$ -
Santa Clara Unified Program Specialist, Jennifer Marfia (\$ )	\$ -	\$ -
<b>Total Personnel</b>	\$ -	\$ -
<b>Fringe Benefits ( of salaries)</b>		
Health Insurance ( )	\$ -	\$ -
Retirement ( )	\$ -	\$ -
FICA ( )	\$ -	\$ -
Unemployment Compensation ( )	\$ -	\$ -
Workers' Compensation ( )	\$ -	\$ -
<b>Total Fringe Benefits</b>	\$ -	\$ -
<b>Travel</b>		
Local Travel (150 miles x \$0.54/mile x 12 months)	\$ -	\$ -
<b>Total Travel</b>	\$ -	\$ -
<b>Supplies</b>		
Supplies for monthly advisory board and Project Management Team convening such as chart paper, dry erase markers, photocopies (2 meetings/month x 12 months x )	\$ -	\$ -
<b>Total Supplies</b>	\$ -	\$ -
<b>Contractual</b>		
Santa Clara Preschool Expansion Specialist ( )	\$ -	\$ -
Evaluator- SRI International	\$ -	\$ -
Intermediary- Third Sector Capital Partners	\$ -	\$ -
Legal ( )	\$ -	\$ -
<b>Total Contractual</b>	\$ -	\$ -
<b>Other</b>		
Webpage Development/ Maintenance ( )	\$ -	\$ -
Publication printing costs ( )	\$ -	\$ -
Staff professional development ( )	\$ -	\$ -
<b>Total Other</b>	\$ -	\$ -
<b>Indirect Cost</b>		
Indirect Cost Rate – ( )	\$ -	\$ -
<b>Total Indirect Cost</b>	\$ -	\$ -
<b>TOTAL COST</b>	\$ -	\$ -

- **BUDGET NARRATIVE:**

All budgeted costs are necessary to implement USDEd PFS and are at reasonable amounts, allowable, and allocable to the project, as described below. The budget conforms to USDEd PFS fiscal policies, including rules for procurement. Calculations are provided in the budget table above.

**Personnel**

All budgeted employees are necessary to implement the proposed project and paid salaries are reasonable for the California market. The project will be under the direction of Matthew Tinsley, Director – Strong Start Project (committed [REDACTED] to the project) will serve as Project Director. In addition, the following personnel will dedicate time to the project through an in-kind match: Mary Ann Dewan, Deputy Superintendent ([REDACTED] FTE), will serve as the Project Advocate, generating stakeholder support and corporate resource for the project; Michael Garcia, Local Early Education Planning Council Liaison ([REDACTED] FTE) will serve as Data Analyst, and will provide expertise on needs assessment, enrollment models, and local demographics; Antonio Fuentes, Program Analyst ([REDACTED] FTE) will serve as Data Analyst, and will provide expertise on needs assessment, enrollment and recruitment, and community outreach; Marcy Lauck, Director of Data Governance ([REDACTED] FTE) will serve as Data Manager, will provide expertise in integrating SCUSD's preschool data systems with the district's student information system and the broader SCCOE's DataZone cloud based data warehouse; and Jennifer Marfia, Program Specialist ([REDACTED] FTE) at Santa Clara Unified School District will serve as Data Specialist, and will facilitate data sharing; provide expertise on local preschool services, costs, and facilities; and ensure timely and comprehensive communication between the district leadership and Project Management Team.

**Fringe Benefits**

Fringe benefits are included for all personnel at [REDACTED] of salaries, to include health insurance ([REDACTED]), retirement ([REDACTED]), FICA ([REDACTED]), unemployment compensation ([REDACTED]), and workers' compensation [REDACTED]

**Travel**

Budgeted travel includes local travel to monthly advisory board meetings, monthly Project Management Team meetings, weekly work stream meetings, and partner site visits as follows:

Local Travel – 150 miles x \$0.54/mile x 12 months

All travel will be reimbursed according with Santa Clara County Office of Education policies, which meet federal requirements.

**Equipment – N/A****Supplies**

Supplies for monthly advisory board and Project Management Team convening such as chart paper, dry erase markers, and photocopies as follows: 2 meetings/ month x 12 months x [REDACTED]

**Contractual**

*The SCCOE has followed the appropriate procedures for procurement for the following contracts which are consistent with state and local procurement laws, regulations and guidance including 2 CFR 200.317-200.326. See Attachment A for additional details.*



The SCCOE will hire a consultant for the duration of the project period to serve as the Santa Clara Preschool Expansion Specialist (■■■■ FTE). S/he will coordinate, plan, organize, and conduct research and evaluation activities; coordinate alignment of work among various work streams, providing assistance to director and consultants; and serve as a resource for all aspects of the feasibility study. Additional details can be found in the job description provided in Attachment C. S/he will work ■■■■ hours a week for 39 weeks at a rate of ■■■■/hour.

Evaluator- SRI International (SRI) will serve as the independent evaluator to conduct a data assessment and clearly define outcome metrics for the feasibility study. SRI is uniquely qualified to lead evaluation activities of the feasibility study and has successfully completed early learning Pay for Success projects with multiple stakeholders to date. In addition to leading the writing of the final outcome metrics, SRI will lead specific work streams throughout the grant period. As a federal sub-awardee, SRI has the requisite federally compliant internal time tracking, reporting, and budgeting processes. SRI will provide advisory services to the County Office of Education as well as subcontracting with specific subject matter experts to complete key work stream activities. Services include serving as an advisor for the needs assessment, community mapping, effective modeling, as well as conducting outcome metrics, data analysis, and reviewing written feasibility report. SRI is uniquely qualified as a contractor for this work based on the firm's understanding of Santa Clara County, proven ability to execute evaluations in both Pay for Success as well as early learning. These estimates are based on SRI's experience completing early learning PFS activities in other jurisdictions and knowledge of the additional resources available to the project from applicant staff and other contractors. The costs associated with SRI consultancy are as follows:

Role	Role Description	FTE	Total
Principal Investigator (Erika Gaylor, PhD)	Intellectual, methodological, management, oversight, and support for feasibility evaluation activities	■■■■	■■■■ hours x ■■■■ aggregate rate= ■■■■
Senior Technical Advisor (Donna Spiker, PhD)	Intellectual, methodological, and overall support for feasibility evaluation activities	■■■■	
Project Coordinator (Kate Ferguson)	Manage deliverables, supervise all aspects of feasibility evaluation activities	■■■■	
Lead Statistician (Xin Wei, PhD)	Analyze data and assist with aspects of design, methodology, and interpretation of results	■■■■	

Lead Programmer (Cyndi Williamson)	Data management and analysis, writing relevant programs using statistical software, monitoring workflow and deadlines	████	
Travel		N/A	████
TOTAL			\$████

Intermediary- Third Sector Capital Partners (Third Sector) will serve as the primary contractor to execute the feasibility study. Third Sector is uniquely qualified to lead management and execution of the feasibility study and has successfully completed PFS feasibilities with more than 50 jurisdictions to date. In addition to leading the writing of the final feasibility report, Third Sector will provide project management and lead on specific work streams throughout the grant period. As a federal grantee through the Corporation for National and Community Service's Social Innovation Fund, Third Sector has the requisite federally compliant internal time tracking, reporting, and budgeting processes. Third Sector will provide advisory services to the County Office of Education as well as subcontracting with specific subject matter experts are necessary to complete key work stream activities. The advisory services include coordination of project partners in executing the work plan and completing the written feasibility report. Third Sector is uniquely qualified as a contractor for this work based on the firm's understanding of Santa Clara County, proven ability to execute feasibility studies in multiple jurisdictions, and status as a federal Pay for Success grantee through the Corporation for National and Community Service's Social Innovation Fund. These estimates are based on Third Sector's experience completing PFS feasibilities in other jurisdictions and knowledge of the additional resources available to the project from applicant staff and other contractors. The costs associated with Third Sector consultancy are as follows:

Role	Role Description	Rate	Hours	Total
Relationship Manager (Director)	Oversees project, including managing Project Lead and Support	████/hour	██	████
Project Lead (Associate)	Leads execution of work plan and serves as day-to-day contact for project partners	████/hour	██	████
Project Support (Analyst)	Supports execution of work plan and creation of key deliverables	████/hour	██	████
Travel		████	██	████

<b>TOTAL</b>				
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The SCCOE will continue to work with the legal advisor it currently has under contract (which was procured consistent with federal and state regulations) at a rate of [REDACTED]. The legal advisor will help conduct the legal and regulatory assessment, identifying the simplest path to a performance contract through an assessment of the local legal and regulatory ecosystem.

**Construction** – N/A

### **Other**

Other costs include:

- Webpage development at a flat rate of \$ [REDACTED] maintenance at a rate of \$ [REDACTED] month x 12 months
- Costs associated with printing the final feasibility study report at a rate of \$ [REDACTED] each x 500 copies
- Two staff will attend a professional development training related to the program. Costs will cover registration for the training at [REDACTED] for two staff

### **Indirect Cost**

The SCCOE indirect cost rate is approved by the California Department of Education for the 2016-2017 fiscal year at [REDACTED]. The rate is applied on all allowable direct costs minus sub-awards, where only the indirect cost associated with the first \$ [REDACTED] of sub-awards related to the federal grant is applied. The indirect cost rate agreement is provided as Attachment D.